

# CALVERT Gas & Oils Limited

## *Annual Report*

FOR THE YEAR ENDED  
DECEMBER 31, 1967

# CALVERT GAS & OILS LIMITED

*(Incorporated as a Public Company under the Laws of the Dominion of Canada)*

## CAPITALIZATION

	Authorized	Issued
Common Shares .....	5,000,000	3,700,000

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## OFFICERS and DIRECTORS

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### OFFICERS

J. J. C. EVANS .....	President
F. W. BOULGER .....	Secretary-Treasurer
F. G. ROMAN .....	Assistant Secretary-Treasurer

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### DIRECTORS

F. W. BOULGER .....	Toronto, Ontario
J. J. C. EVANS .....	Toronto, Ontario
J. S. GRANT .....	Toronto, Ontario
J. M. KIRSCHBAUM .....	Toronto, Ontario
J. G. PICKARD .....	Toronto, Ontario
F. G. ROMAN .....	Toronto, Ontario
R. RULE .....	Toronto, Ontario

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### TRANSFER AGENTS

Guaranty Trust Company of Canada

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### ADMINISTRATIVE OFFICES

20th Floor, 4 King Street West, Toronto, Ontario

# CALVERT GAS & OILS LIMITED

20th Floor, 4 King Street West  
TORONTO, ONTARIO

## TO THE SHAREHOLDERS:

Enclosed please find Notice calling the Annual Meeting of Shareholders to be held in the Upper Canada Room of the King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, on Tuesday, the 18th day of June, 1968, at the hour of 11:00 o'clock in the forenoon (Toronto time). Also enclosed is a copy of the balance sheet as at December 31, 1967 with relative statements thereto and the report of the Auditors thereon. Finally there is enclosed an information circular and form of instrument of proxy for use by those shareholders who cannot personally attend the meeting and wish to vote their shares.

On the Lemieux Township, Quebec, group consisting of 54 claims a programme of drilling consisting of 3 holes totalling 1,726 feet was initiated to test anomalies indicated by an induced polarization survey carried out in 1966. No ore grade sections were located but sufficient sulphide mineralization was encountered to account for the I.P. anomalies. One of the drill holes cut a zone of low copper values with the type of alteration and fracturing that appeared favourable. As a result additional drilling was undertaken to ascertain if continuity and improvement in grade could be established in some direction from the original hole. Four holes were drilled with a total footage of 3,122 feet but unfortunately no zone of economic importance was indicated. Further study is being carried out in an attempt to locate new areas for exploration.

Your company is also seeking situations of worthwhile merit.

On behalf of the Board of Directors,

J. J. C. EVANS, President.

Toronto, Ontario,  
May 22, 1968.

# CALVERT GAS

(Incorporated as a Public Company)

## Balance Sheet as at

(with comparative figures for 1966)

ASSETS		
	<u>1967</u>	<u>1966</u>
<b>CURRENT ASSETS</b>		
Cash .....	\$ 3,950.81	\$ 7,827.04
Short term deposit receipt .....	20,865.29	37,386.24
Accounts receivable .....	1,391.41	1,665.50
Prepaid expenses .....	205.00	315.00
	<u>\$ 26,412.51</u>	<u>\$ 47,193.78</u>
<b>INVESTMENT IN WHOLLY-OWNED SUBSIDIARY</b> .....	<u>—</u>	<u>\$ 30,000.00</u>
<b>FIXED ASSETS (at cost)</b>		
Oil Properties (Note 1)		
Interests in productive leases .....	\$ 26,691.38	\$ 26,691.38
Development costs on productive leases .....	53,455.57	53,455.57
Lease equipment .....	13,749.25	13,693.36
	<u>\$ 93,896.20</u>	<u>\$ 93,840.31</u>
Less: Accumulated depletion and depreciation .....	24,617.56	22,265.90
	<u>\$ 69,278.64</u>	<u>\$ 71,574.41</u>
Interests in undeveloped leases, reservations, etc. ....	28,622.98	27,349.85
	<u>\$ 97,901.62</u>	<u>\$ 98,924.26</u>
Mining Properties (Note 2)		
Mining Claims .....	\$ 75,533.00	\$ 75,533.00
Development costs (as per attached statement) .....	194,712.46	153,140.07
Mining equipment and supplies .....	13,221.00	13,221.00
Airstrip .....	1,000.00	1,000.00
	<u>\$284,466.46</u>	<u>\$242,894.07</u>
<b>OTHER ASSET</b>		
Organization and reorganization expense — unamortized balance	<u>—</u>	<u>\$ 279.73</u>
	<u><u>\$408,780.59</u></u>	<u><u>\$419,291.84</u></u>

## AUDITORS' REPORT

We have examined the balance sheet of Calvert Gas & Oils Limited as at December 31, 1967, and the application of funds for the year then ended. Our examination included a general review of the accounts and such other information as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at the end of the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,  
April 18, 1968.

# OILS LIMITED

(In accordance with the Laws of the Dominion of Canada)

*December 31, 1967*

(as at December 31, 1966)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1967</u>	<u>1966</u>
<b>CURRENT LIABILITIES</b>		
Bank loan (secured) .....	\$ 13,913.24	\$ 22,493.24
Accounts payable and accrued liabilities .....	6,162.42	9,254.64
	<u>\$ 20,075.66</u>	<u>\$ 31,747.88</u>
 <b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b>		
<i>Authorized</i>		
5,000,000 shares, par value .5¢ each		
 <i>Issued and Fully Paid</i>		
3,700,000 shares .....	\$185,000.00	\$185,000.00
<i>Add: Premium thereon</i> .....	271,250.00	271,250.00
	<u>\$456,250.00</u>	<u>\$456,250.00</u>
 <b>CAPITAL SURPLUS</b> .....	559,380.87	559,380.87
 <b>DEFICIT (as per attached statement)</b> .....	(626,925.94)	(628,086.91)
	<u>\$388,704.93</u>	<u>\$387,543.96</u>

Approved on behalf of the Board of Directors

J. G. Pickard, *Director*

J. C. Evans, *Director*

\$408,780.59

\$419,291.84

*The accompanying notes to financial statements form an integral part of these statements.*

## THE SHAREHOLDERS

and the statements of deficit, operations, deferred development expenditures and source and accounting procedures and such tests of accounting records and other supporting evidence as we

as at December 31, 1967 and the results of its operations and the source and application of its on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,  
Chartered Accountants,

# CALVERT GAS & OILS LIMITED

## STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
DEFICIT — January 1 .....	\$628,086.91	\$466,599.66
Add: Net loss (profit) for year (per attached statement) .....	( 1,160.97)	2,112.39
Write-down of investment in wholly-owned subsidiary to realizable value .....	—	166,058.72
Reserve for foreign exchange no longer required .....	—	( 6,683.86)
DEFICIT — December 31 .....	<u>\$626,925.94</u>	<u>\$628,086.91</u>

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
OPERATING REVENUE		
Gross oil and gas sales .....	<u>\$10,813.61</u>	<u>\$10,529.62</u>
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES		
Production and operating expenses .....	\$ 1,667.11	\$ 1,691.33
Transfer agents' fees and expenses .....	1,290.96	2,216.94
Legal fees .....	536.87	1,375.99
Directors' fees .....	1,150.00	1,400.00
Audit fees .....	710.03	1,440.15
Annual meeting and shareholders' information .....	1,548.45	1,238.62
Telephone and telegraph .....	103.81	104.92
General and office expenses .....	14.26	151.26
Licenses, fees and taxes .....	50.00	215.00
Filing fees .....	355.50	216.95
Travel expenses .....	—	62.41
Interest and bank charges .....	1,073.31	1,587.89
Interest earned .....	( 1,479.05)	( 1,895.67)
	<u>\$ 7,021.25</u>	<u>\$ 9,805.79</u>
NET OPERATING PROFIT BEFORE PROVISION FOR UNDERMENTIONED ITEMS .....	<u>\$ 3,792.36</u>	<u>\$ 723.83</u>
Depletion (Note 1) .....	\$ 882.76	\$ 855.96
Depreciation (Note 1) .....	513.36	494.30
Amortization of Development Costs (Note 1) .....	955.54	926.52
Amortization of Organization Costs .....	279.73	559.44
	<u>\$ 2,631.39</u>	<u>\$ 2,836.22</u>
NET PROFIT (LOSS) FOR YEAR .....	<u>\$ 1,160.97</u>	<u>\$(2,112.39)</u>

# CALVERT GAS & OILS LIMITED

## STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURES ON MINING CLAIMS FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
Diamond drilling .....	\$ 30,109.67	\$ 663.25
Engineers and consultants .....	5,520.00	2,347.00
Geophysical surveys .....	—	3,706.26
Travelling expense .....	2,433.17	997.93
Licenses, fees and taxes .....	1,850.00	1,450.00
Prospecting .....	744.46	—
Assays .....	573.45	—
Miscellaneous .....	341.64	81.91
EXPENDITURES FOR THE YEAR .....	<u>\$ 41,572.39</u>	<u>\$ 9,246.35</u>
Add: Deferred development expenditures at January 1 .....	153,140.07	143,893.72
DEFERRED DEVELOPMENT EXPENDITURES AT DECEMBER 31 .....	<u><u>\$194,712.46</u></u>	<u><u>\$153,140.07</u></u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
SOURCE OF FUNDS		
Net profit (loss) from operations .....	\$ 1,160.97	\$ ( 2,112.39)
Add: Depletion, depreciation and amortization .....	2,631.39	2,836.22
Proceeds on sale of interest in wholly-owned subsidiary .....	30,000.00	—
	<u>\$33,792.36</u>	<u>\$ 723.83</u>
APPLICATION OF FUNDS		
Additional advances to wholly-owned subsidiary .....	\$ —	\$ 991.51
Decrease in reserve for foreign exchange .....	—	112.80
Additions to lease equipment .....	55.89	85.43
Additions to interests in undeveloped leases, reservations, etc. ....	1,273.13	1,203.08
Option payment on mining claims .....	—	3,000.00
Deferred development expenditures on mining claims .....	41,572.39	9,246.35
Addition to mining equipment .....	—	3,221.00
	<u>\$42,901.41</u>	<u>\$ 17,860.17</u>
DECREASE IN WORKING CAPITAL .....	<u><u>\$(9,109.05)</u></u>	<u><u>\$(17,136.34)</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1967**

NOTE 1: Interests in productive leases, development costs and equipment are carried at cost less accumulated depletion, amortization and depreciation. Depletion of costs of producing properties, amortization of well development costs of producing wells and depreciation of production equipment are being provided for on the unit-of-production basis which will write off the lease cost over their estimated geological life and write off the well development costs and production equipment costs over the estimated geological life of the wells.

Upon retirement or disposal of property assets, the cost of the properties retired or disposed of and the related accumulated depletion, amortization and depreciation are removed from the respective accounts; net profits or losses resulting therefrom are credited or charged to income. Drilling expenses which have resulted in dry holes are being written off to operations.

Interests in undeveloped leases, reservations, etc. are valued at cost. Lease rentals and miscellaneous acquisition costs are being charged to the cost of the respective undeveloped properties. On abandonment of undeveloped properties, their cost, together with accumulated development expenses, will be written off to operations.

NOTE 2: No depreciation has been taken on mining equipment and supplies or on the Airstrip. All expenditures on the mining claims are being deferred.

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# CALVERT GAS & OILS LIMITED

20th Floor — 4 King Street West,  
TORONTO, ONTARIO, CANADA

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## TO THE SHAREHOLDERS:

Shown below for your information is the Interim Unaudited Comparative Summarized Statement of Operations for the six month period ended June 30, 1967 with comparative figures for the six month period ended June 30, 1966. Also is shown the Interim Unaudited Comparative Statement of Source and Use of Funds covering the same periods.

On the group of claims in Lemieux Township, Gaspé area, Quebec, three locations indicated as anomalous by an Induced Polarization survey have each been tested with a diamond drill hole. No significant mineralization was intersected in the first two holes. The third hole has just been completed and full reports are not yet available.

Toronto, Ontario

August 23, 1967.

J. J. C. EVANS, President.

## CALVERT GAS & OILS LIMITED

### Interim Unaudited Comparative Summarized Statement of Operations

For The Six Month Period Ended June 30, 1967

(With comparative figures for the six month period ended June 30, 1966)

	1967	1966
Gross oil and gas sales .....	4,999	5,120
Operating and Administrative Expenses .....	6,104	5,998
Net Loss before undermentioned items .....	(1,105)	(878)
Depletion, depreciation and amortization .....	1,353	1,395
Net loss for the period .....	(2,458)	(2,273)

### Interim Unaudited Comparative Statement of Source and Use of Funds

For The Six Month Period Ended June 30, 1967

(With comparative figures for the six month period ended June 30, 1966)

#### SOURCE OF FUNDS

Proceeds from sale of wholly-owned subsidiary .....	32,744	—
	32,744	

#### USE OF FUNDS

Deferred development expenditure on mining claims .....	1,993	2,819
Additions to interest in undeveloped leases, reservations, etc. ....	822	697
Option payment on mining claims .....	—	3,000
Addition to mining equipment .....	—	3,107
Net loss before depreciation and amortization (above) .....	1,105	878
	3,920	10,501
Increase (decrease) in working capital .....	28,824	(10,501)

